

High Profile Employees and Spin Offs

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In knowledge intensive industries, a potential shortage of skilled labor puts the firm's long-term competitiveness in question and firm survival at risk. As a consequence, firms employ various techniques to promote investments into general and specific human capital of employees to ensure long-term competitiveness. This special issue selects four articles that aim at uncovering how firms manage the inter-play between encouraging human capital investments, incentivizing, and correspondingly governing employees and ensuring the long-term supply of top-performers within organizations. There is one common theme which emerges in all four selected articles: the problem of selecting, retaining, and cultivating high-profile employees. Thus, more specifically, this special issue provides insights into the applicability and suitability of various high-profile recruiting and development strategies within a given firm environment.

Falk, Hammermann, Mohnen, and Werner analyze the role of informational asymmetries in labor markets and their interaction with job characteristics that determines hiring success. Their study “Different Degrees of Informational Asymmetry on Job Markets and Its Impact on Companies’ Recruiting Success” use a large survey of German companies. It allows drawing generalizable inferences about various recruiting channels prone to different degrees of information asymmetry: low degrees for internal job markets and employee referrals and high degrees for job advertisements, the Federal Employment Agency and headhunters, among others. They document that monetary aspects of the job are important when job qualities are unobservable for applicants and that work quality attributes gain in

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relevance when more job information becomes available. Hence, the paper provides evidence for employer signaling strategies vis-à-vis possible job market candidates. Given that soft job characteristics (such as flexible working time and individual job responsibility) cause a higher identification with the hiring company and, in consequence, induce less employee turnover, disclosing more job relevant information to applicants is advantageous.

The second article “How companies motivate entrepreneurial employees: The case of organizational spin-alongs”, by Klärner, Treffers and Picot, investigates how firms can attract and subsequently nurture high-profile employees with pronounced entrepreneurial abilities to spur innovations. The study is based on five in-depth case studies within an innovative company and suggests that a spin-along design implemented within the organization provides entrepreneurial employees with a combination of flexibility and security. To make such an approach worthwhile, the paper also highlights the role of senior management in providing critical leadership to enable such an organizational design, especially in light of the difficult trade-off in balancing flexibility and security with managerial control. Management development is found to be a scarce and crucial resource that, within the spin-along design, helps to spur corporate entrepreneurship and simultaneously secure an organization’s long-term survival and success. Nurturing high-profile employees therefore requires high-profile management.

In the related study “High-profile employees at universities and their intentions of commercializing research results” Brettel, Mauer and Walter analyze the trade-off between the creation of knowledge (as scientists) and the exploitation of knowledge (as potential entrepreneurs) that high profile employees face at universities. In light of possible commercialization and developed technologies, the study demonstrates that attitude, subjective norms, as well as perceived behavioral control are antecedents to university scientist’s steps towards a commercialization process. However, the corresponding incentives are very specific and limited in nature. Especially, lower barriers to commercialize inventions, combined with greater opportunities for personal development and self-realization appear to be strong predictors of entrepreneurial intentions. High-profile scientists are susceptible to emotional gratification in lieu of generous remuneration packages or career advancement.

Lastly, the article “When Teams of Employees Spin-off Partnerships: Matching-technology, Information Structure, and the “Pure” Incubator Effect” by Fabel, Hopp and Weber advances the discussion on commercialization antecedents and combines these with subsequent performance impacts. The article shows that the effect of founders’ human capital on firm success hinges on the information structure that prevails when nascent entrepreneurs are matched in partnerships. Based on the antecedents to actually spinning-off a new venture (on which the previous articles in this special issue elaborate in length) a “pure” incubator effect in founding entrepreneurial firms is found. This effect reflects improved matching of individuals with different ability profiles into development teams when working in corporate environments previously. Hence, not only can firms recruit and retain high-profile employees but they also allow for better matching of potential entrepreneurs in the due course.

To conclude, this special issue aims at uncovering how top performers make their careers within organizations and how firms can encourage them to invest in general and specific human capital to promote innovation and foster firm performance. The articles show that this process of incentivizing innovative employees has many facets. Since innovative employees are attracted by outside opportunities, firms need to provide environments that facilitate managerial discretion, entrepreneurial engagement, and goal orientation at the same time. Designing enriched jobs with managerial discretion can foster innovative and intrapreneurial activities and provide incentives to choose firm careers in lieu of self-employment or provide an infrastructure that better matches entrepreneurial high-profile employees, likely to a mutual benefit for employees and employers alike. Hence, it is crucial to understand how firms balance the delicate trade-off between intra- and entrepreneurial action and individual and corporate long-term success.

We believe that this special issue provides ways to bridge the gap between discretion for high-profile employees and incentives for innovation and firm performance. The articles provide a rich agenda for future contributions that investigate the manifold strategies that firms employ to attract, retain, promote, and cultivate high-profile employees.

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